



# **Enhanced Small and Medium Sized Enterprise Development Project**

## **Quarterly Performance Report**

with Summary Results Tables

**January 1, 2004 to March 31, 2004**

*Submitted to*

**United States Agency for International Development  
Moscow, Russia**

*Submitted by*

**Winrock International  
Counterpart International  
Center for Investment and Support (Prognoz)  
Sakhalin Association of Business People  
Counterpart Enterprise Fund**

This report was made possible by a grant from the United States Agency for International Development through the Moscow-funded Enhanced Small and Medium Sized Enterprise Development Project.

**Date of Report:** April 15, 2004  
**Project Name:** Enhanced Small and Medium Sized Enterprise  
Development Project  
**Contractor / Grantee:** Winrock International  
**Contract / Grant #:** CA # 118-A-00-03-0094  
**Life of Project Period:** August 1, 2003 - August 3, 2006  
**Period Covered by This Report:** January 1, 2004 - March 31, 2004

**Name of Person Preparing This Report:** Olga Schetinina  
**Phone:** 7 (4212) 306373  
**Fax:** 7 (4212) 306373  
**E-mail Address:** oschetinina@esdproject.ru  
**Name of Organization:** Winrock International  
**Address of Organization:** 18 Muravieva-Amurskogo St., Offices #212, 407

## Table of Contents

1.	Background .....	2
2.	Progress Indicators.....	3
	2.1 Improving Regulatory Environment .....	3
	2.2 Improving Access to Credit .....	5
	2.3 Advanced Businesses and Sector Specific Training .....	7
	2.4 Sector-Specific Consultancies.....	9
	2.5 Expand and Maintain Registry of SME Trainers.....	10
	2.6 Outreach and Communication.....	11
3.	Problems/Difficulties Anticipated in the Next Three Months .....	12

## 1. Background

Winrock International, in partnership with Counterpart International, Center for Investment and Support (Prognoz), Sakhalin Association of Business People and Counterpart Enterprise Fund, is working to increase the number of successful small businesses and improve the environment for small businesses to emerge in the Russian Far East. Funded by the United States Agency for International Development, the Enhanced Small and Medium Sized Business Development Project (ESD) has four primary objectives:

- 1) Reduce the burden of regulations on SMES by increasing SME association advocacy;
- 2) Increase the availability of Credit for SMES and entrepreneurs;
- 3) Provide and increase the availability of advanced business and sector specific training skills; and
- 4) Build capacity of sector specific associations by working through them to provide sector specific consultancies.

In addition, the ESD Project will be demand driven, ensure women and remote people have benefit, and will work to ensure collaboration between business support institutions and other businesses development projects with open and free information.

The project began August 1, 2003 and will continue until August 3, 2006. This report covers activities and results for the period from January 1 to March 31, 2004.

### Project Administration

ESD held its third **Partners Meeting** of ESD Program March 23-24, 2004 in Blagoveschensk. Participants included representatives of USAID/Russia: Julia Shevchenko and Ray Lewman; Winrock Home Office Coordinator: Erin Hughes; Counterpart International Home Office Coordinator: Katherine Schad; ESD Staff; and Program Partners from Khabarovsk, Sakhalin, Vladivostok, Ulan Ude and Blagoveschensk.

The meeting was useful, with all participants suggesting activities and ways for strengthening the Program's results, improving of coordination between partners, components, regions and other USAID programs. The Partners are learning from each other and they have demonstrated how much we've accomplished in seven months of the project, and helped to determine how to continue to improve.

The second Program quarterly **Newsletter** was published in March 2004. A supplementary enclosure addresses leasing.

**Far Eastern Chamber of Commerce and Industry (FECCI)** became the newest ESD Partner and will focus on Advance Business Skills and Sector-Specific Trainings. We hope FECCI will cover with advance business trainings not only Khabarovsk city but another areas of Khabarovski region.

Winrock renewed partner relations with **Far East Center of Economic Development (FECED)** of Vladivostok. Collaboration with FECED began in November 2003, when they assessed Business trainings needs. The Center will work with ESD for Advance Business Skills and Sector-Specific Training Component in Primorski Krai.

## 2. Progress Indicators

### 2.1. Improving Regulatory Environment

During the first quarter of 2004, **four roundtables focused on cooperation between business association (BA) representatives and government officials** were conducted in all three targeted regions – Sakhalin, Amur Region and Buryatia. At each roundtable session, managers from Makon, Prognoz and SABP shared perceived administrative barriers based on the business environment assessments conducted in the previous quarter. Entrepreneurs gave examples of the most striking regulatory constraints and asked local officials the reasons for these regulations. Joined efforts should be focused on decreasing number of tax, sanitary and police inspections to the amount required by the law, monitor the situation with licensing procedure and its costs, etc. In January Makon held one of these roundtables called "A Complex Approach Towards Overcoming Administration Barriers". Entrepreneurs and the Republic Committee for Removal of Administration Barriers discussed business climate in Buryatia and identified the most important constraints they should focus on in the future. Both parties agreed to work in close cooperation to overcome the constraints discussed. All four of these roundtables have proved to be very productive, solving the problems of entrepreneurs in "real time," that is in the span of just a few hours of meeting time.

**Two additional roundtables** specifically devoted to **advocacy issues** were conducted by SABP in March. At the first one, certification and standardization procedures and requirements in Sakhalin oblast were discussed. Although Federal law states that certificates and licenses can be issued for up to three years, the local Standardization and Certification Center issued certificates for execution of business activities for only one year. Another complaint from SMEs was that this Center drags out the process of certification and requires entrepreneurs to bring in many samples for testing. Since the entrepreneurs have to pay for testing themselves, this not only wastes time, but money too. SABP invited representatives of the Economic Department to the roundtable and they discussed this matter with members of BAs. As a result a regional government decree was issued. According to the decree the Center should operate within the frames of Federal law, moreover it should create a special Internet site that explains the certification procedure and includes templates of required documents. SABP will follow up to ensure that this decree is implemented.

At the second roundtable SABP brought together representatives from business associations and entrepreneurs from six Sakhalin districts with representatives from the regional department for prevention of law violation. Businesspeople complained about increasing number of planned and unplanned police inspections and frequent abuse in the course of inspections by police was giving businesspeople cause for particular worry. Increasingly police failed to even produce a warrant during such inspections. Businesspeople believe that police should comply with Federal law and the Duma deputies support them. The police representatives present at the roundtable

engaged in dialogue with the business associations and promised to work out actions to reduce the abuse of power. SABP will follow up to ensure that action is taken.

Business associations must be strong institutionally to advocate entrepreneurs' interests. In January and February local business associations received **organizational development training**. **Fifty-seven members of 14 BAs** participated in five seminars titled "Strategic Development of a Successful Business Association." Two seminars were held on Sakhalin, one in Amur region and two in Buryatia. Experts from Moscow's "Partner" Foundation conducted the seminars on Sakhalin. The Siberian Civic Initiatives Support Center (CIP) conducted the seminar in Amur. CIP trainers also helped BA leaders of Amur region to prepare training and technical assistance plans for their associations and gave individual consultations to them as needed. Makon used local training resources to conduct the two seminars for business associations in Buryatia. The next seminars for BAs in all regions will be devoted to **advocacy techniques** and are scheduled for April. It will be a good preparation for the **advocacy microgrants** activity.

One business association in Amur region used **lessons learned** after the first seminar for BAs. In March, the city administration of Blagoveshensk decided to break the long-term rent agreement with a dozen entrepreneurs from the Grocery Food Market at Trudovaya Ulitsa in Blagoveshensk for no reason. A member of the Amur Union of Manufacturers and Entrepreneurs, Yevgenia Liufa, who received training at the seminar for BAs in February 2004 organized an advocacy activity for tenants and helped them to protect their rights and to save their jobs through the end of the year. Now Prognoz, with representatives of other BAs, are studying existing regulations in towns of Amurskaya Oblast regarding property rent for businesses with the intention to propose a regulatory initiative in Amur Law of Municipal Property Rent to prevent this from happening again.

As a result of regular consultations provided by Prognoz, one of the BAs in the Amur region, the Guild of Culinary Professionals and Restaurateurs, has reported a major success in dealing with excessive sanitary inspections in the region. The BA signed an Agreement of Cooperation with the sanitary inspectors. According to this Agreement the Guild guarantees the internal sanitary control among the members of the Guild and since signing the Agreement the number of inspections of Guild members has greatly decreased. Thus **management time spent dealing with sanitary inspections was reduced by 11%** as a result of the ESD project.

To continue developing and **consolidating relationships with local government officials** ESD partners bring together BAs and local authorities at least once a month in all regions. They make sure that representatives of administration and Duma attend all meetings and events organized for SMEs and BAs. These activities can vary from region to region but for instance Makon works in close relationship and mutual understanding with Republic Committee for Entrepreneurial Support and Development.

Prognoz **built a coalition of BAs** by initiating the creation of a club for BAs leaders of Amur region. They meet once a month or more often, if needed, to discuss common problems of entrepreneurs and consolidate efforts in mobilizing businesses to remove regulatory constraints. Members of this club currently include the following BAs: Union of Manufacturers and

Entrepreneurs, Chamber of Commerce, Regional Branch of SMEs, Guild of Culinary Professionals and Restaurateurs, and the Union of Women.

Counterpart International presented the draft **advocacy microgrants manual** to all ESD partners at the Partners' Meeting in Blagoveshensk. The draft was sent to USAID for revision. Business associations will be eligible to begin receiving grants as of May 1, 2004, once advocacy training is completed in all regions.

## 2.2. Improving Access to Credit

In January, **the final training plan** for SMEs and financial institutions in all four targeted regions was completed. This plan anticipates a two-pronged approach: on one side, ESD provides trainings for banks and non-bank financial institutions, explaining to them how they can work with SMEs more effectively. On the other side, ESD educates entrepreneurs on local sources of finance, leasing principles and loan application requirements. These activities improve the dialogue between SMEs and lending agencies and increase the number of loans and leases.

The following **four seminars for financial institutions** were held during the reporting period:

### Sakha Republic (Yakutia)

- ? Accounting, taxation and reporting for credit cooperatives and Funds for Small Business Support (SBS)
- ? Training for loan officers from credit cooperatives and funds, in cooperation with RMC

### Primorsky region

- ? Tax and bookkeeping issues for the Primorsky credit cooperatives
- ? Training for loan officers, in cooperation with RMC

**Seventy participants from 48 organizations** attended these seminars and trainings. Most of the attendees represented credit cooperatives; however Funds for SBS, banks and two leasing companies in Yakutia were active and expressed their interest in receiving training from ESD. The ESD program seeks to develop long-term trusting relationships with lenders to provide demand-driven and well-structured training and consulting. This will help to follow up on the results of the trainings and track the increasing number of loans for SMEs as a result of ESD activities.

ESD activities not only strengthen existing financial institutions but also help initiative groups to create new cooperatives as well. Three such groups from Yakutia attended ESD trainings devoted to legal aspects, accounting and taxation for micro financial organizations (MFO), methods of micro lending and communication with entrepreneurial clients. After the trainings these groups successfully started their operations. So far in the first quarter of 2004, the Yakutia Credit Cooperative Association's members issued 58 entrepreneurial loans for the amount of \$146,280, including eight entrepreneurial loans for \$4,210 by the start-ups.

**Three credit seminars for SMEs** were held in Okha (Sakhalin) and Vladivostok where **95 businesspeople from 74 enterprises** were trained. Upon request of Primorsky Administration, CEF organized and conducted the two seminars on sources of financing for SMEs in Vladivostok

in March. The full length of the seminars was three days long but participants could choose to only attend the first day on sources of funding for SMEs or the last two days on writing a business plan if they so chose.

During the first day of the training SMEs learned about different institutions providing financing to SMEs, types of SME financing, procedures practiced by financial institutions when considering applications by SMEs, and which documents are needed when applying for financing. ESD invited the Director of the Russian American Education Center (RAEC) of Khabarovsk to **develop the brochure** "Sources of Financing for SMEs" and to hold this seminar. The brochure is available on ESD's website.

The last two days of the seminar a trainer from the St. Petersburg Fund for SME Support showed participants how to write a proper business plan for different kinds of financing. The trainer used a sample project, for which the participants could make a business plan and calculate all the important coefficients used by lenders in making a financing decision. This training was also very interactive and participants received answers to their practical questions any time during the seminar.

About one third of organizations attended both trainings, thus getting full information on how to get financing. After the training 11 representatives of local financial institutions presented their services to SMEs including banks, leasing companies, credit unions and a foundation. The trainings had a very positive resonance with the entrepreneurs, and the Primorsky administration asked ESD to organize two more in April.

**To increase awareness about leasing** CEF and ESD developed a quarterly bulletin on leasing, which was produced as an attachment to the ESD project's quarterly newsletter and is also distributed during all the project events. It covers both the theory of leasing (concept of leasing, different types of leasing, advantages/disadvantages, etc.) and practical matters (FAQ, problems in accounting and other difficulties in leasing practice, and how to solve them). Every issue will include an article with a short presentation by one of the leasing companies in the target regions, a list of leasing companies in the RFE with their contact information, as well as a list of interesting websites on leasing.

According to the workplan CEF was to start trainings for leasing companies in this quarter, however, after analyzing the results of the assessment we decided to postpone this activity. We will begin these activities by the end of the second quarter, as we needed time to build good relationships with leasing companies and look for highly qualified trainers. A training session and roundtable on leasing are scheduled for June and will be held in Vladivostok.

During this quarter we have learned that the financial institutions in **Yakutia and Primorsky** region are more active and open for conversation and cooperation than in Sakhalin and Chita. Therefore CEF has decided to focus heavily on conducting seminars in these promising regions in the coming months in order to meet demand and use our resources most effectively. At the same time we will look at how to develop relationships with financial institutions and create more interest in project seminars in Sakhalin and Chita.

Although we were concerned about getting financial institutions that had attended ESD trainings to share their results with us, we are pleased to report that we have been able to overcome this by working closely with officials in each region. In Yakutia specifically it helped that an experienced consultant was hired by ESD to follow up on results of trainings that the program provided. Also the local business school which hosts our trainings in Yakutia is affiliated with the Ministry of SME Affairs, Tourism and Employment which is able to get statistics from banks on a regular basis. A lesson learned this quarter is that in order to measure results it is important to develop these kinds of relationships in the other regions, if possible. As noted in the attached table and below, we have now already **exceeded the expected results** for the number and amount of loans between financial institutions and SMEs for the first year of the project.

#### Breakdown on credits and lease agreements by region and by financial institution

Region	Financial Institutions Reporting	No. of Total Loans	No. Loans to Women	Amount of Loans
Republic Sakha (Yakutia)	Funds of SME Support	77	37	\$435,696
	Credit Cooperatives	61	26	\$119,649
	Banks	67	18	\$2,165,140
	Leasing Companies	24	3	\$238,751
Sakhalin	Banks	19	8	\$1,684,211
Primorsky Region	Credit Cooperatives	113	43	\$589,228
<b>Total</b>		<b>361</b>	<b>135</b>	<b>\$5,232,675</b>

## 2.3 Advanced Businesses and Sector Specific Training

### 2.3.1 Advanced Business Trainings Conducted

ESD supports local partners and training centers in conducting advanced business skills trainings. During January-March 2004, ESD worked with partnering organizations and provided **23** advanced business trainings for **415** participants from **300** SMEs. We worked with 14 training centers (see Table 1).

Table 1. Distribution of Trainings by Krai/Oblast, Training Centers and Participants

Krai/Oblast	No. of Training Centers	No. of Participants
Khabarovski Krai	6	103
Sakhalin	1	15
Primorsky Krai	2	120
Amur Oblast	2	91
Yakutia	1	12

Buryatia	1	62
Chita Oblast	1	12

Trainings have proven to be needed. One of the challenges the project staff and partners face is that companies are willing to pay for trainings only if the training courses are small, less than 15 people. We are looking at creative ways to cost effectively use trainers to conduct multiple trainings to ensure the project trains a large number of people. The quality of the training has been very high. One partner commented that their reputation has improved from the project activities. They are now successful in charging clients to attend seminars, because businesses trust their quality. Prior to ESD, they were not able to charge clients for seminars.

ESD goal is to support development of local training resources, thus the focus has been given to areas and expertise that have not been previously addressed by RFE business training centers.

The most popular training topics requested by SMEs in this period have been:

- Sales Techniques
- Marketing of Products/Merchandising
- Strategic Planning/Business Development.

Many training participants come from trading companies. This is logical because the biggest percentage of small and medium businesses in the Russia Far East are engaged in this sector. The next biggest group of trainees is from manufacturing and production companies. The number of companies is rising, increasing competition.

Since last quarter, the number of training participants that pay for their trainings has increased. Training centers and our partners are doing a good job responding to the markets demand for training – they identify training topics that meet the demand for short-term business skills courses for entrepreneurs.

Below are examples of some trainings that have been conducted during the reported period:

*Primorsky Krai* -- On February 27-28, FECED held two-day training for SMEs in Arseniev, where business activities are growing. The topic of the training was “How to Participate in Municipal Tenders for Delivering Goods and Services.” The municipal contracts are competitively distributed through a tender. Few SMEs understand the process of bidding on a contract and the city’s administrative staff admits that the number of SME participants bidding is low. The purpose of the training was to acquaint participants with the methods and procedures of bidding for Municipal contracts, including budgetary purchases, legislative requirements for purchases.

Thirty-six participants learned the strategy of competitive bidding for state and municipal orders. They learned common mistakes bidders make and how to resolve disputes that may arise between representatives of authority and SMEs during award and implementation of awards. The second part of the training was applied -- a mock bid, where participants completed an application form in order to participate and went through the steps for a bid. The interest in this topic was so great, that participants stayed late asking questions. Representatives of the local municipalities were present and learned how to improve the bidding process for SME’s.

*Amursk Oblast* -- February 20, 21 – “Telemarketing”, Trainer – Korobenko Tatyana, (Khabarovsk). The aim of the training was to teach entrepreneurs about how to contact clients via the telephone, how to have effective discussions, negotiations, and sales. The training covered telemarketing skills, how to identify an individual style to work with clients over the telephone. Twelve representatives from 8 different companies, mostly sales managers and shop assistants, were trained.

*Buryatia* – March 4 – A “Quality Management Systems ISO 9001-2000” training was conducted in Ulan-Ude by a local trainer Khishikhtuev. The training module provided participants with information on development and implementation of quality management system for various types of businesses. Twelve representatives of SMEs learned about concepts of quality, principles of quality management, definition and description of the processes. The trainees appreciated practical recommendations and interactive methods used at this session.

For the next quarter, we expect to conduct **74** trainings broken down as follows:

Proposed Advanced Business Skills Trainings April – June 2004

<b>Krai/Oblast</b>	<b>Number of Trainings</b>	<b>Number of participants.</b>
Khabarovsky	20	400
Primorsky	12	240
Sakhalin	6	90
Amursk	16	320
Yakutia	4	60
Buryatia	12	240
Chita	4	60

In order to increase the number of entrepreneurs trained, ESD will be more pro-active in offering long-distance courses, publish training materials on CD-ROMs and use videoconference facilities.

### **2.3.2 Sector Specific Trainings Conducted**

ESD is focusing on several sectors in each Krai/Oblast. They are:

<b>Krai/Oblast</b>	<b>Sectors</b>
Khabarovsky	Fish Processing, Transportation, Finance
Primorsky	Fish Processing, Transportation, Construction, Food Production
Sakhalin	Trade and Catering
Amursk	Catering (Restaurants), Timber Processing, Food Processing
Yakutia	Transportation, Trade and Catering, Manufacture of Goods, Ecotourism
Buryatia	Handicrafts, Ecotourism
Chita	Food Processing in Agricultural Sector, Ecotourism

During this quarter, ESD facilitated **4** sector-specific trainings for **65** participants. Two trainings for agricultural companies were conducted by Makon in Selenginsky region of Buryatia. A training was conducted for food companies in Blagoveschensk, and ESD facilitated a training for

Wood-Framed Housing Construction for wood processing and construction companies in Khabarovski Krai.

**Wood Frame Housing Construction.** February 10 -11, 2004 a seminar “Wood-frame House Building” was organized in cooperation with the FOREST Project. The participants of the seminar included representatives of wood processing and construction companies, representatives from the Khabarovsk Krai administration and local banks. Experts from Ferguson Simek Clark Int. spoke about technology and efficiency of wood-framed constructions. Local administration spoke about the growing housing market in Khabarovsk and Primorye. Bank representatives explained the basics of the mortgage system that they have started to implement recently. As a result of the seminar, there have been developed a set of documents that contains recommendations for wood frame housing construction.

## 2.4 Sector-Specific Consultancies

Based on the sector analyses which showed that fish-processing industry is one of the most important sectors in Khabarovski Krai, Primorye and Sakhalin, ESD had volunteer Oleg Sorokin, develop a technical assistance plan based on companies needs in the sector that includes training, list of business associations support and the industry’s administrative support (local and Federal administrative agencies that are involved in supporting and regulating small businesses). Based on Mr. Sorokin’s recommendations, and also on the meetings held in the Khabarovski Krai administration, ESD has identified six fish-processing companies that are interested in purchasing new equipment. With ESD support, these companies will participate at the "Seafood Processing Europe" exhibition in Brussels, Belgium on May 4-6, 2004.

When ESD Partner, SAPB, completed the Business Expansion and Development training in Kholmsk (Sakhalin), an entrepreneur requested assistance for individual consultation Olga Barabanova, the owner of a tailor's shop, learned how to attract new customers with the help of developed leaflets and improve communication.

## Russian Consultant for “Chaika” Company

After providing training on marketing skills for Counterpart Enterprise Fund clients in February 2004, Mr. Vladimir Bychkov consulted “Chaika” Company (souvenir trade business). He suggested improved displays for Chaika’s goods, new ways of advertisement and helped develop a new slogan. “Chaika” has already implemented some of the ideas has experienced 5% increase in sales. Consultant Bychkov also provided advice on how to develop and implement marketing of discounts to increase profits. “

## 2.5 Expand and Maintain Registry of SME Trainers

During the reported period the ESD database of trainers was updated and expanded – 32 new trainers have been included into the database, of them 12 are from RFE. Although at present the majority of trainers (71%) are from Moscow and St. Petersburg, ESD supports trainings for local RFE trainers to enhance the local expertise.

On March 29-31, 2004 **Training of Trainers** (TOT) was conducted in Khabarovsk based on “Green House” training center (trainer – Vitaly Matrosov, Moscow). The training was organized upon the request and a strict demand of Khabarovsk and surround regions’ trainers to develop

and upgrade their skills in providing advanced business skills trainings. TOT gathered 15 trainers from Khabarovsk and Vladivostok. The trainers acquired skills on how to work with new clients from businesses, how to market training services, how to promote, design, project, coach and monitor the results of trainings. The participants gained practical skills on how to negotiate with potential customers and how to sell training services to SMEs. As a result of TOT, all trainers noticed that the acquired skills will increase their clients' database; those who hesitated to negotiate training services with customers from business would start doing that and would provide their ABS trainings to SMEs.

ESD facilitated the formation of a training Association in collaboration with "Green House" Training Center and the Russian-American Education Center (RAEC) from Khabarovsk. The new Association named "**Far Eastern Alliance of Training Companies**" will unite training organizations and independent trainers of the region with the goal to provide better educational services to SMEs and general public. ESD project team was a part of this meeting and plans contribute its expertise to the association's development and growth. Through this new association ESD will be able to expand its services in the region and ensure sustainability and quality of the local training resources.

In addition, in collaboration with Eurasia Foundation, ESD has supported publication of the "**Catalogue of Training Services in the Russia Far East**" for the Alliance.

## 2.6 Outreach and Communication

The ESD Project staff met with key Krai and Oblast administrative representatives to increase awareness about the project and to gain local administrative support. Olga Schetinina has met with:

Mr. Anatoly Seluga, Head of Department, Ministry of Timber Industry, Khabarovski Krai

Mr. Valery Guryev, Deputy Minister, Ministry of Timber Industry, Khabarovski Krai

Ms. Irina Besedina, Ministry of Economic Development and Foreign Relations, Khabarovski Krai

Ms. Tatyana Kononova, Chief of Foreign Investments Sector, Khabarovski Krai

Ms. Vera Yevtushenko, Head of Department, Small Business Support Administration, Primorski Krai

In addition, project staff have contacted potential partners and collaborators including:

Regional Initiative Coordinator, Mr. Gregg Halstead

Foundation for Russian American Cooperation, Ms. Svetlana Fatykhova, Project Manager

Delta Capital, TUSRIF, Ms. Hurley, Vice President

Delta Leasing, Ms. Yevtushevskaya, Head of Loan Department

The Far Eastern Chamber of Commerce (Khabarovsk), Mr. Vostrikov, Vice-President

The Khabarovski Krai Union of Manufacturers and Entrepreneurs, Mr. Shulepov, Chairman

Eurasia Foundation (Vladivostok), Mr. Rougle, Director

Russian Microfinance Center (Moscow), Mr. Mamuta, Director

Partner Foundation (Moscow), Ms. Negrustueva

Siberian Civic Initiatives Support Center (Novosibirsk), Ms. Malitskaya

Rural Credit Cooperative Development Fund (Moscow), Mr. Mazuritsky  
Foundation of SME Development (St.-Petersburg), Mr. Balanov  
Russian American Education Center (Khabarovsk), Ms. Kochemasova  
Russian American Education Center of Business (Vladivostok), Ms. Chupikova  
Business Consulting Plus (Yakutia), Ms. Sokolova

March 2, 2004 Olga Schetinina, COP, and Marina Petrova, Senior Program Manager, presented the ESD program update to USAID/Russia in Moscow.

The project **website** has been updated, new information about the project events, activities and training materials added.

The second issue of the ESD Quarterly **Newsletter** has been developed and distributed to partners and collaborators.

### **3. Problems/Difficulties Anticipated in the Next Three Months**

ESD assessment of the Sakhalin region showed that there have been many providers of advanced business skills courses on the island – Russian American Education Business Center, American Business Center, Foundation for Russian American economic Cooperation, etc. Thus it has been decided that the Sakhalin Association of Business People will not be providing these services under the ESD program. This organization will be providing their advice on sector-specific trainings, if required.